PRESS RELEASE
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NATIONAL GRAIN COMPANY LIMITED

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NATIONAL GRAIN COMPANY LIMITED

FOR RELEASE: Immediately

The National Grain Company has announced a six million dollar expansion program project to build a chain of farm oriented retail stores throughout Western Canada.

At a press conference held Friday April 21 in Saskatoon, Company President George Heffelfinger said his company plans immediate construction of 10 stores this summer and a total of up to 40 by 1970.

Mr. Heffelfinger described the stores as possessing seven to twelve thousand square feet of selling space with merchandise selection appropriate to the various localities to be served. General farm supplies, animal health products, hardware, paint, automotive goods and sporting goods will be the staple items handled on a self service basis.

Some of the stores, he said will be the first step in the development of rurally located shopping centres in which other companies serving agricultural needs will be asked to join National. "The object", said Mr. Heffelfinger "is to provide farmers with a centralization of shopping similar to that available to urban residents".

The new stores will be known as "NATIONAL STORES".

They will be patterned after "farm discount merchandising" operations in the United States and be designed to handle a volume of quality merchandise in such a way as to reduce the cost of production goods.

A newly organized supply company, Farmor Ltd. has been established at Winnipeg to be responsible for the purchasing and quality control of the merchandise to be carried by these stores.

FOR RELEASE:

Construction will commence immediately at two locations, Dawson Creek, B.C. and Saskatoon, Saskatchewan. Announcements on subsequent store locations including at least one total farm service shopping complex are expected to be released shortly. The Edmonton development firm of Batoni Humford is associated with National Grain in complex design.

Mr. Heffelfinger also announced the appointment of two men to the company's new store operations: Mr. Elmer Tumak as Assistant Director of Merchandise Marketing and Mr. John Redston as Director of National Stores.

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ANNOUNCEMENT FROM

GEORGE HEFFELFINGER, PRESIDENT AND GENERAL MANAGER

NATIONAL GRAIN COMPANY LIMITED

AT THE DISTRICT MANAGERS' CONFERENCE

SASKATOON, APRIL 21, 1967

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NATIONAL STORES ANNOUNCEMENT

This morning, I would like to inform you, as members of the National Grain Management Team, about a new development within our Company.

At a press conference to be held at 10 o'clock today, I will announce that the National Grain Company will embark immediately on a major new area of service to the Western Canadian agricultural community. This service is not only new to National but will be new to Western Canada.

We will begin construction immediately to open ten Farm Service Stores this year in the four western provinces. These stores to be called "NATIONAL STORES" will contain between 7,000 and 12,000 square feet of selling space. National Stores will provide farmers within a broad trade area with a one-stop location where they can obtain the often used products and parts necessary to the operation of the farm enterprise.

Recognizing that the costs of farm production are escalating at an alarming rate, we at National Grain have designed this farm store concept to reduce the cost of production goods. This will be accomplished by volume buying at the factory level and direct shipment to the point of consumption. Dealer costs and expensive warehousing will be avoided. The stores will feature self-service and low overhead and the savings achieved will be passed on to the consumer. While cash purchases will be stressed, credit terms will be available to volume buyers. Particular attention will be paid to the importance of stocking only top quality products in quantities sufficient to guarantee the customer the immediate availability of a part or a product. Because these stores are designed to be a "one-stop shop" centre, inventories will be designed to include a complete range of parts for major lines of farm equipment, farm production inputs and often used, household goods. Inventories will be seasonalized and localized according to conditions of the area served.

What we are talking about is simply this. Our stores will take the "super-market" approach to merchandising farm and household goods. The stores will be located in rapidly growing rural centres and at each store there will be ample parking space and a well-trained staff to serve the community.

What merchandise will these stores carry: Generally speaking, NATIONAL STORES will break down into 7 departments, namely, Farm Supplies, Hardware, Animal Health Products, Automotive Supplies, Paint, Sporting Goods and Tack. I would like to emphasize however, that the scope of items carried in each store will be directly related to the type of agriculture in the area.

We will be developing ten stores this year and we visualize some 40 stores throughout the 4 western provinces by the end of 1970. Our total investment in this endeavor will exceed 6 million dollars.

The question of where to build these stores has occupied a good deal of time and effort. Exhaustive studies have been (and still are) being conducted to determine locations most convenient to the farm shopper.

I am able, this morning, to definitely announce two of the first ten locations. You will recall that last year we recognized the need to service the burgeoning agricultural community in the Dawson Creek, B.C. district. To answer this need we built an elevator, feed mill and bulk fertilizer complex at Dawson Creek. To complete this complex, one of the first NATIONAL STORES will be located in association with these other facilities.

The other location to be completed this summer is right here in Saskatoon. Saskatoon has long been the location of our major warehousing activity and designs are now in the final stage of completion for a considerable expansion on our present property to serve the retail customer. It is important to note that because Saskatoon serves a large urban, as well as a rural market, that our products to be carried in the Saskatoon store

will also be of interest to people residing within the City of Saskatoon.

As you can well imagine, our announcement this morning is the culmination of many months' work by specialized people. The pivotal man in our organization in this development is Elmer Tumak, who as Assistant Director of Merchandise Marketing, will take key responsibility in the operation of these stores. I am happy to announce at this time that we have employed John Redston, who has had 7 year's experience in retailing, to work with Mr. Tumak as Director of National Stores. The coordinator in the overall development program, has been our Director of Planning and Development, A. J. Maruca.

These men do not represent a special branch of National Grain but rather they are an integral part of the total National Grain organization.

Farm stores are a relatively new innovation in the retail merchandising world. Because the original farm store movement began in the United States, key members of our management team have spent a good deal of time in recent months visiting farm store installations in Minnesota, Iowa, Illinois and the Dakotas. Rather early in our investigations we contacted National Farm Stores Incorporated of Minneapolis, who have had wide experience in setting up farm stores in the Upper Midwest. The similarity in name is coincidental. They are now acting in a consulting capacity to National Grain in the development of our NATIONAL STORES program.

Within recent weeks we have become associated with a newly organized Company, known as Farmor Limited. This new Company has obtained the services of Mr. Ames Johnson, formerly employed by National Farm Stores, Inc. Ames, as General Manager, is heading up the operation of a group which will carry on the central buying and advisory activity for National Grain. His base of operations is in the Union Tower Building in Winnipeg.

Our relationship, then, with our consultants, enables us to draw freely on their experience in "farm discount merchandising". It gives us an avenue, also, for the purchase of goods in the United States as well as in Canada and the rest of the world. As a point of emphasis however, I want to say again that NATIONAL STORES are wholly-owned and operated by National Grain Company Limited and our buying policies will be to purchase quality goods at the lowest possible price regardless of country of origin, although hopefully the majority of our products will be Canadian made.

And now let me put NATIONAL STORES into context with the total Company. As you know, for more than two decades now, National has been much more than a grain company. Our reputation as innovators and leaders in the whole field of agri-service, has been based on our ability to anticipate the needs of the agricultural community and supply those needs. So it was in 1945, when we introduced Chemical Weed Control to Western Canada - first, with the introduction of Sinox and subsequently with 2,4-D. Our background as chemical suppliers speaks for itself. And in 1963 we recognized another area of service. In that year we began our program of Feed Service Mills and since then we have placed 17 mills in operation and more are contemplated.

In this present development, we are acting in response to the need in the farm community for high quality goods at the lowest possible price. The whole concept of the NATIONAL STORES merchandising technique, will actually reduce the cost of the products required for profitable farm operation.

Really, there has been no change in philosophy and no change in emphasis. The stores are simply another development within one of the world's most modern agricultural service companies.

I have another important announcement to make today, also, and that has to do with the physical location of NATIONAL STORES and the other service

facilities that we will build over the course of the next few years. Some of the stores that we build this year will be located in such a way as to be associated with or become part of an agricultural "shopping centre". We have had a team in the field for the last number of weeks lining up real estate for such overall development. In most cases the amount of land obtained and under option, ranges from 10 to 20 acres to give us maximum flexibility for future expansion.

We all know that in recent years the urban shopper has been much better served than those in the rural community. Fine shopping centres have been developed to serve the needs of the city shopper, but convenience and pleasant surroundings have often not been available in the smaller rural community. We hope this will change and this is the purpose for our overall real estate program.

We believe that the farmer can be best served by an association of many agri-service businesses, including our own. I hope it will be possible for us, even in 1967, to begin one such total service centre. As a Company, National Grain is interested in providing service in the grain, feed, fertilizer and farm store field. We will invite to associate with us where space is available, other agri-service businesses, such as implement dealers, lumber dealers, banks, veterinarians, etc. One of the sketches which we will release to the press this morning illustrates the conception of such a complex designed by Batoni-Humford, an Edmonton based development company. It is more than just a dream - it is an invitation to other agri-businesses to join with us in the creation of what we regard as a highly practical objective, and that objective is to provide the farm market with as complete a service as is required in the very demanding world of modern agriculture.

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